

I certify this to be a true and correct
copy of the indicated document as
referred or transmitted to committee.

Chief Clerk of the House

By: Norma Chavez

FILED FEB 28 2005

H.B. No. 1659

A BILL TO BE ENTITLED

AN ACT

relating to the designation of certain areas of this state as
enterprise zones under the enterprise zone program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 2303.003, Government Code, is amended by
adding Subdivision (1-c) to read as follows:

(1-c) "Distressed county" means a county:

(A) that has a poverty rate above 15.4 percent;

(B) in which at least 25.4 percent of the adult
population does not hold a high school diploma or high school
equivalency certificate; and

(C) that has an unemployment rate that has
remained above 4.9 percent during the preceding five years.

SECTION 2. Section 2303.051, Government Code, is amended by
adding Subsection (a-2) to read as follows:

(a-2) The bank shall annually compile data identifying the
distressed counties in this state that automatically qualify for
designation as enterprise zones under this chapter.

SECTION 3. Section 2303.101, Government Code, is amended to
read as follows:

Sec. 2303.101. QUALIFICATION FOR ENTERPRISE ZONE
DESIGNATION. An area automatically qualifies for designation as an
enterprise zone if the area is:

(1) a block group, as defined by the most recent

1 federal decennial census available at the time of designation, in
2 which at least 20 percent of the residents of the block group have
3 an income at or below 100 percent of the federal poverty level; ~~[or]~~

4 (2) an area designated by the federal government as a
5 renewal community, a federal empowerment zone, or a federal
6 enterprise community, including any developable area approved by
7 the federal agency responsible for making that designation; or

8 (3) an area located in a distressed county.

9 SECTION 4. Section 2303.109(a), Government Code, is amended
10 to read as follows:

11 (a) An enterprise zone designation remains in effect
12 indefinitely so long as the area continues to qualify for
13 designation as an enterprise zone under this chapter. If an area
14 described by Section 2303.101(1) no longer qualifies for enterprise
15 zone designation following the release of a subsequent federal
16 decennial census, the area's designation remains in effect until
17 the date on which the bank makes the updated information for that
18 subsequent census available to the public as required by Section
19 2303.051.

20 SECTION 5. Section 2303.405(f), Government Code, is amended
21 to read as follows:

22 (f) A nominating body may submit an application for a
23 project or activity that during the application process loses its
24 eligibility for designation as an enterprise project solely because
25 the project or activity is no longer located in an enterprise zone
26 as described by Section 2303.101(1) if the bank receives the
27 application not later than the 30th day after the date on which the

1 bank makes the updated block group data used to make the eligibility
2 determination available as required by Section 2303.051.

3 SECTION 6. Section 2303.406(b), Government Code, is amended
4 to read as follows:

5 (b) This subsection does not apply to a qualified business
6 located in a federally designated zone, as described by Section
7 2303.101(2), which will receive priority designation in allocating
8 the number of enterprise projects allowed statewide per biennium as
9 provided by Section 2303.403. The bank shall designate qualified
10 businesses as enterprise projects on a competitive basis. The bank
11 shall make its designation decisions using a weighted scale in
12 which:

13 (1) 40 percent of the evaluation depends on the
14 economic distress of the block group or distressed county in which a
15 proposed enterprise project is located;

16 (2) 25 percent of the evaluation depends on the local
17 effort to achieve development and revitalization of the block group
18 or distressed county in which a proposed enterprise project is
19 located; and

20 (3) 35 percent of the evaluation depends on the
21 evaluation criteria as determined by the bank, which must include:

22 (A) with respect to a proposed enterprise project
23 located in a block group, the level of cooperation and support the
24 project applicant commits to the revitalization goals of all of the
25 enterprise zone block groups within the jurisdiction of the
26 nominating governmental entity; ~~and~~

27 (B) with respect to a proposed enterprise project

1 located in a distressed county, the level of cooperation and
2 support the project applicant commits to the revitalization of the
3 distressed county; and

4 (C) the type and wage level of the jobs to be
5 created or retained by the business.

6 SECTION 7. This Act takes effect September 1, 2005.

05 APR 13 PM 11: 54
HOUSE OF REPRESENTATIVES

HOUSE COMMITTEE REPORT

1st Printing

By: Chavez

H.B. No. 1659

A BILL TO BE ENTITLED

AN ACT

relating to the designation of certain areas of this state as enterprise zones under the enterprise zone program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 2303.003, Government Code, is amended by adding Subdivision (1-c) to read as follows:

(1-c) "Distressed county" means a county:

(A) that has a poverty rate above 15.4 percent;

(B) in which at least 25.4 percent of the adult population does not hold a high school diploma or high school equivalency certificate; and

(C) that has an unemployment rate that has remained above 4.9 percent during the preceding five years.

SECTION 2. Section 2303.051, Government Code, is amended by adding Subsection (a-2) to read as follows:

(a-2) The bank shall annually compile data identifying the distressed counties in this state that automatically qualify for designation as enterprise zones under this chapter.

SECTION 3. Section 2303.101, Government Code, is amended to read as follows:

Sec. 2303.101. QUALIFICATION FOR ENTERPRISE ZONE DESIGNATION. An area automatically qualifies for designation as an enterprise zone if the area is:

(1) a block group, as defined by the most recent

1 federal decennial census available at the time of designation, in
2 which at least 20 percent of the residents of the block group have
3 an income at or below 100 percent of the federal poverty level; ~~[or]~~

4 (2) an area designated by the federal government as a
5 renewal community, a federal empowerment zone, or a federal
6 enterprise community, including any developable area approved by
7 the federal agency responsible for making that designation; or

8 (3) an area located in a distressed county.

9 SECTION 4. Section 2303.109(a), Government Code, is amended
10 to read as follows:

11 (a) An enterprise zone designation remains in effect
12 indefinitely so long as the area continues to qualify for
13 designation as an enterprise zone under this chapter. If an area
14 described by Section 2303.101(1) no longer qualifies for enterprise
15 zone designation following the release of a subsequent federal
16 decennial census, the area's designation remains in effect until
17 the date on which the bank makes the updated information for that
18 subsequent census available to the public as required by Section
19 2303.051.

20 SECTION 5. Section 2303.405(f), Government Code, is amended
21 to read as follows:

22 (f) A nominating body may submit an application for a
23 project or activity that during the application process loses its
24 eligibility for designation as an enterprise project solely because
25 the project or activity is no longer located in an enterprise zone
26 as described by Section 2303.101(1) if the bank receives the
27 application not later than the 30th day after the date on which the

bank makes the updated block group data used to make the eligibility determination available as required by Section 2303.051.

SECTION 6. Section 2303.406(b), Government Code, is amended to read as follows:

(b) This subsection does not apply to a qualified business located in a federally designated zone, as described by Section 2303.101(2), which will receive priority designation in allocating the number of enterprise projects allowed statewide per biennium as provided by Section 2303.403. The bank shall designate qualified businesses as enterprise projects on a competitive basis. The bank shall make its designation decisions using a weighted scale in which:

(1) 40 percent of the evaluation depends on the economic distress of the block group or distressed county in which a proposed enterprise project is located;

(2) 25 percent of the evaluation depends on the local effort to achieve development and revitalization of the block group or distressed county in which a proposed enterprise project is located; and

(3) 35 percent of the evaluation depends on the evaluation criteria as determined by the bank, which must include:

(A) with respect to a proposed enterprise project located in a block group, the level of cooperation and support the project applicant commits to the revitalization goals of all of the enterprise zone block groups within the jurisdiction of the nominating governmental entity; ~~and~~

(B) with respect to a proposed enterprise project

1 located in a distressed county, the level of cooperation and
2 support the project applicant commits to the revitalization of the
3 distressed county; and

4 (C) the type and wage level of the jobs to be
5 created or retained by the business.

6 SECTION 7. This Act takes effect September 1, 2005.

COMMITTEE REPORT

The Honorable Tom Craddick
Speaker of the House of Representatives

4/12/05
(date)

Sir:

We, your COMMITTEE ON ECONOMIC DEVELOPMENT
to whom was referred HB 1659 have had the same under consideration and beg to report
back with the recommendation that it

☒ do pass, without amendment.
☐ do pass, with amendment(s).
☐ do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

☒ yes ☐ no A fiscal note was requested.
☐ yes ☒ no A criminal justice policy impact statement was requested.
☐ yes ☒ no An equalized educational funding impact statement was requested.
☐ yes ☒ no An actuarial analysis was requested.
☐ yes ☒ no A water development policy impact statement was requested.
☐ yes ☒ no A tax equity note was requested.

☒ The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars.

For Senate Measures: House Sponsor _____

Joint Sponsors: _____ / _____ / _____

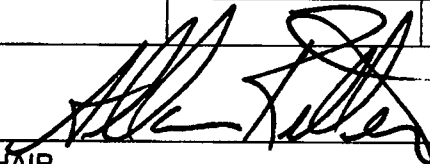
Co-Sponsors: _____

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Ritter, Chair	✓			
Cook, Vice-chair	✓			
Anchia	✓			
Deshotel				✓
Kolkhorst	✓			
McCall				✓
Seaman	✓			

Total

5	aye
0	nay
0	present, not voting
2	absent


CHAIR

BILL ANALYSIS

H.B. 1659
By: Chavez
Economic Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

This bill amends the State Enterprise Zone Program to allow for businesses within economically distressed counties to be nominated for a sales tax refund if certain provisions are met. Currently the State Enterprise Zone Expansion program is limited to certain predefined limited geographical areas that are certified by census demographic information. This legislation would allow cities within economically distressed counties to nominate Enterprise Zone Projects within their entire geographical area. Economically distressed counties will be determined according to census poverty, educational attainment, and unemployment statistics as currently designated by the Comptroller's Office. The expansion of this program would give economically disadvantaged communities greater flexibility in the utilization of this economic development tool.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Section 2303.003, Government Code, states the comptrollers criteria for designating a county as economically distressed, including poverty rate, adult population with high school education and unemployment rate.

SECTION 2. Amends Section 2303.051, Government Code, to require the Texas Economic Development Bank to annually compile data identifying the economically distressed counties in this state.

SECTION 3. Amends 2303.101, Government Code, to automatically designate all state comptroller certified economically distressed counties as state enterprise zone areas.

SECTION 4. Section 2303.109(a), Government Code, provides that an area's state enterprise zone designation will remain in effect until the date on which the Texas Economic Development Bank makes updated decennial census data available to the public that shows that the county no longer qualifies as economically distressed.

SECTION 5. Section 2303.405(f), Government Code, authorizes nominating bodies to submit an application for a enterprise zone project or activity up to the 30th day after the date on which the Bank makes updated eligibility determinations available to the public.

SECTION 6. Amends Section 2303.406(b), Government Code, to include economically distressed counties in the language of the existing statutes that define criteria for the Texas Economic Development Bank to designate an area as an Enterprise Zone and the level of cooperation and support the project applicant commits to the project.

SECTION 7. Provides the effective date of the bill.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.

H.B. 1659 79(R)

SUMMARY OF COMMITTEE ACTION

HB 1659

March 22, 2005 11:00AM or upon final adjourn./recess

Considered in public hearing

Testimony taken in committee (See attached witness list.)

Left pending in committee

April 5, 2005 upon final adjourn./recess

Considered in public hearing

Other

Called up as pending business.

Reported favorably without amendment(s)

April 12, 2005 upon final adjourn./recess

Considered in public hearing

Vote reconsidered in committee

Recommended to be sent to Local & Consent

Reported favorably without amendment(s)

WITNESS LIST

HB 1659

HOUSE COMMITTEE REPORT

Economic Development Committee

March 22, 2005 - 11:00AM or upon final adjourn./recess

Against: Richmond, Kari (Self and Incentive Consultant)

On: Bearden, Bob (State Comptroller)

Registering, but not testifying:

For: deLafuente, Veronica (Office of Cameron County Judge)

Kastrin, Deborah (The county of El Paso, Texas)

Shipton, Patricia (City of El Paso)

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 21, 2005

TO: Honorable Allan Ritter, Chair, House Committee on Economic Development

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: **HB1659** by Chavez (Relating to the designation of certain areas of this state as enterprise zones under the enterprise zone program.), **As Introduced**

No fiscal implication to the State is anticipated.

This bill would add an area located in "distressed counties" to the list of those areas that automatically qualify for designation as an enterprise zone. The bill defines distressed counties as those counties with a poverty rate above 15.4 percent in which at least 25.4 percent of the adult population does not have a high school education, and have an unemployment rate that has remained above 4.9 percent during the preceding five years. The Texas Economic Development Bank (Bank) would have to annually compile data identifying the distressed counties that would qualify for designation as enterprise zones.

There would be no fiscal impact to the state, as the total limited number of enterprise zone projects that may be approved by the Bank statewide (85 per biennium) would not be changed.

Local Government Impact

Based on data obtained from the U. S. Census Bureau and Texas Workforce Commission, the Comptroller's office determined that a total of 35 counties would currently meet the qualifying criteria as a distressed county. These counties may realize a decrease in tax revenue as a result of tax refunds and other tax incentives provided to the eligible entities.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts

LBB Staff: JOB, JRO, WP, DLBe

F

HOUSE ENGROSSMENT

By: Chavez

H.B. No. 1659

A BILL TO BE ENTITLED

AN ACT

relating to the designation of certain areas of this state as enterprise zones under the enterprise zone program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 2303.003, Government Code, is amended by adding Subdivision (1-c) to read as follows:

(1-c) "Distressed county" means a county:

(A) that has a poverty rate above 15.4 percent;

(B) in which at least 25.4 percent of the adult population does not hold a high school diploma or high school equivalency certificate; and

(C) that has an unemployment rate that has remained above 4.9 percent during the preceding five years.

SECTION 2. Section 2303.051, Government Code, is amended by adding Subsection (a-2) to read as follows:

(a-2) The bank shall annually compile data identifying the distressed counties in this state that automatically qualify for designation as enterprise zones under this chapter.

SECTION 3. Section 2303.101, Government Code, is amended to read as follows:

Sec. 2303.101. QUALIFICATION FOR ENTERPRISE ZONE DESIGNATION. An area automatically qualifies for designation as an enterprise zone if the area is:

(1) a block group, as defined by the most recent

1 federal decennial census available at the time of designation, in
2 which at least 20 percent of the residents of the block group have
3 an income at or below 100 percent of the federal poverty level; ~~[or]~~

4 (2) an area designated by the federal government as a
5 renewal community, a federal empowerment zone, or a federal
6 enterprise community, including any developable area approved by
7 the federal agency responsible for making that designation; or

8 (3) an area located in a distressed county.

9 SECTION 4. Section 2303.109(a), Government Code, is amended
10 to read as follows:

11 (a) An enterprise zone designation remains in effect
12 indefinitely so long as the area continues to qualify for
13 designation as an enterprise zone under this chapter. If an area
14 described by Section 2303.101(1) no longer qualifies for enterprise
15 zone designation following the release of a subsequent federal
16 decennial census, the area's designation remains in effect until
17 the date on which the bank makes the updated information for that
18 subsequent census available to the public as required by Section
19 2303.051.

20 SECTION 5. Section 2303.405(f), Government Code, is amended
21 to read as follows:

22 (f) A nominating body may submit an application for a
23 project or activity that during the application process loses its
24 eligibility for designation as an enterprise project solely because
25 the project or activity is no longer located in an enterprise zone
26 as described by Section 2303.101(1) if the bank receives the
27 application not later than the 30th day after the date on which the

bank makes the updated block group data used to make the eligibility determination available as required by Section 2303.051.

SECTION 6. Section 2303.406(b), Government Code, is amended to read as follows:

(b) This subsection does not apply to a qualified business located in a federally designated zone, as described by Section 2303.101(2), which will receive priority designation in allocating the number of enterprise projects allowed statewide per biennium as provided by Section 2303.403. The bank shall designate qualified businesses as enterprise projects on a competitive basis. The bank shall make its designation decisions using a weighted scale in which:

(1) 40 percent of the evaluation depends on the economic distress of the block group or distressed county in which a proposed enterprise project is located;

(2) 25 percent of the evaluation depends on the local effort to achieve development and revitalization of the block group or distressed county in which a proposed enterprise project is located; and

(3) 35 percent of the evaluation depends on the evaluation criteria as determined by the bank, which must include:

(A) with respect to a proposed enterprise project located in a block group, the level of cooperation and support the project applicant commits to the revitalization goals of all of the enterprise zone block groups within the jurisdiction of the nominating governmental entity; ~~and~~

(B) with respect to a proposed enterprise project

1 located in a distressed county, the level of cooperation and
2 support the project applicant commits to the revitalization of the
3 distressed county; and

4 (C) the type and wage level of the jobs to be
5 created or retained by the business.

6 SECTION 7. This Act takes effect September 1, 2005.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 21, 2005

TO: Honorable Allan Ritter, Chair, House Committee on Economic Development

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB1659 by Chavez (Relating to the designation of certain areas of this state as enterprise zones under the enterprise zone program.), **As Introduced**

No fiscal implication to the State is anticipated.

This bill would add an area located in "distressed counties" to the list of those areas that automatically qualify for designation as an enterprise zone. The bill defines distressed counties as those counties with a poverty rate above 15.4 percent in which at least 25.4 percent of the adult population does not have a high school education, and have an unemployment rate that has remained above 4.9 percent during the preceding five years. The Texas Economic Development Bank (Bank) would have to annually compile data identifying the distressed counties that would qualify for designation as enterprise zones.

There would be no fiscal impact to the state, as the total limited number of enterprise zone projects that may be approved by the Bank statewide (85 per biennium) would not be changed.

Local Government Impact

Based on data obtained from the U. S. Census Bureau and Texas Workforce Commission, the Comptroller's office determined that a total of 35 counties would currently meet the qualifying criteria as a distressed county. These counties may realize a decrease in tax revenue as a result of tax refunds and other tax incentives provided to the eligible entities.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts

LBB Staff: JOB, JRO, WP, DLBe

1-1 By: Chavez (Senate Sponsor - Lucio) H.B. No. 1659
1-2 (In the Senate - Received from the House May 2, 2005;
1-3 May 3, 2005, read first time and referred to Subcommittee on
1-4 Emerging Technologies and Economic Development; May 20, 2005,
1-5 reported favorably to Committee on Business and Commerce;
1-6 May 21, 2005, reported favorably from Committee on Business and
1-7 Commerce by the following vote: Yeas 6, Nays 0; May 21, 2005, sent
1-8 to printer.)

1-9 A BILL TO BE ENTITLED
1-10 AN ACT

1-11 relating to the designation of certain areas of this state as
1-12 enterprise zones under the enterprise zone program.

1-13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-14 SECTION 1. Section 2303.003, Government Code, is amended by
1-15 adding Subdivision (1-c) to read as follows:

1-16 (1-c) "Distressed county" means a county:

1-17 (A) that has a poverty rate above 15.4 percent;

1-18 (B) in which at least 25.4 percent of the adult
1-19 population does not hold a high school diploma or high school
1-20 equivalency certificate; and

1-21 (C) that has an unemployment rate that has
1-22 remained above 4.9 percent during the preceding five years.

1-23 SECTION 2. Section 2303.051, Government Code, is amended by
1-24 adding Subsection (a-2) to read as follows:

1-25 (a-2) The bank shall annually compile data identifying the
1-26 distressed counties in this state that automatically qualify for
1-27 designation as enterprise zones under this chapter.

1-28 SECTION 3. Section 2303.101, Government Code, is amended to
1-29 read as follows:

1-30 Sec. 2303.101. QUALIFICATION FOR ENTERPRISE ZONE
1-31 DESIGNATION. An area automatically qualifies for designation as an
1-32 enterprise zone if the area is:

1-33 (1) a block group, as defined by the most recent
1-34 federal decennial census available at the time of designation, in
1-35 which at least 20 percent of the residents of the block group have
1-36 an income at or below 100 percent of the federal poverty level; ~~or~~

1-37 (2) an area designated by the federal government as a
1-38 renewal community, a federal empowerment zone, or a federal
1-39 enterprise community, including any developable area approved by
1-40 the federal agency responsible for making that designation; or

1-41 (3) an area located in a distressed county.

1-42 SECTION 4. Section 2303.109(a), Government Code, is amended
1-43 to read as follows:

1-44 (a) An enterprise zone designation remains in effect
1-45 indefinitely so long as the area continues to qualify for
1-46 designation as an enterprise zone under this chapter. If an area
1-47 described by Section 2303.101(1) no longer qualifies for enterprise
1-48 zone designation following the release of a subsequent federal
1-49 decennial census, the area's designation remains in effect until
1-50 the date on which the bank makes the updated information for that
1-51 subsequent census available to the public as required by Section
1-52 2303.051.

1-53 SECTION 5. Section 2303.405(f), Government Code, is amended
1-54 to read as follows:

1-55 (f) A nominating body may submit an application for a
1-56 project or activity that during the application process loses its
1-57 eligibility for designation as an enterprise project solely because
1-58 the project or activity is no longer located in an enterprise zone
1-59 as described by Section 2303.101(1) if the bank receives the
1-60 application not later than the 30th day after the date on which the
1-61 bank makes the updated block group data used to make the eligibility
1-62 determination available as required by Section 2303.051.

1-63 SECTION 6. Section 2303.406(b), Government Code, is amended
1-64 to read as follows:

(b) This subsection does not apply to a qualified business located in a federally designated zone, as described by Section 2303.101(2), which will receive priority designation in allocating the number of enterprise projects allowed statewide per biennium as provided by Section 2303.403. The bank shall designate qualified businesses as enterprise projects on a competitive basis. The bank shall make its designation decisions using a weighted scale in which:

(1) 40 percent of the evaluation depends on the economic distress of the block group or distressed county in which a proposed enterprise project is located;

(2) 25 percent of the evaluation depends on the local effort to achieve development and revitalization of the block group or distressed county in which a proposed enterprise project is located; and

(3) 35 percent of the evaluation depends on the evaluation criteria as determined by the bank, which must include:

(A) with respect to a proposed enterprise project located in a block group, the level of cooperation and support the project applicant commits to the revitalization goals of all of the enterprise zone block groups within the jurisdiction of the nominating governmental entity; [and]

(B) with respect to a proposed enterprise project located in a distressed county, the level of cooperation and support the project applicant commits to the revitalization of the distressed county; and

(C) the type and wage level of the jobs to be created or retained by the business.

SECTION 7. This Act takes effect September 1, 2005.

* * * * *

FAVORABLE
SENATE COMMITTEE REPORT ON

SB SCR SJR SR HB HCR HJR 1659
By Chavez/Lucio
(Author/Senate Sponsor)
5/21/05
(date)

We, your Committee on BUSINESS AND COMMERCE, to which was referred the attached measure,
have on 5/20/05, had the same under consideration and I am instructed to report it
(date of hearing)
back with the recommendation (s) that it:

- ☒ do pass and be printed
☐ do pass and be ordered not printed
☒ and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. ☒ yes ☐ no

A revised fiscal note was requested. ☐ yes ☒ no

An actuarial analysis was requested. ☐ yes ☒ no

Considered by subcommittee. ☒ yes ☐ no

The measure was reported from Committee by the following vote:

	YEA	NAY	ABSENT	PNV
Senator Troy Fraser, Chairman	<input checked="" type="checkbox"/>			
Senator Kip Averitt, Vice-Chairman			<input checked="" type="checkbox"/>	
Senator Ken Armbrister	<input checked="" type="checkbox"/>			
Senator Kim Brimer				<input checked="" type="checkbox"/>
Senator John Carona	<input checked="" type="checkbox"/>			
Senator Kevin Eltife	<input checked="" type="checkbox"/>			
Senator Craig Estes	<input checked="" type="checkbox"/>			
Senator Eddie Lucio	<input checked="" type="checkbox"/>			
Senator Leticia Van de Putte			<input checked="" type="checkbox"/>	
TOTAL VOTES	6		2	1

COMMITTEE ACTION

S260 Considered in public hearing
S270 Testimony taken

COMMITTEE CLERK

CHAIRMAN

BILL ANALYSIS

Senate Research Center
79R4763 CLG-D

H.B. 1659
By: Chavez (Lucio)
S/C on Emerging Technologies & Economic Development
5/18/2005
Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently, the State Enterprise Zone Expansion Program is limited to certain predefined limited geographical areas that are certified by census demographic information. H.B. 1659 amends the State Enterprise Zone Program to allow for businesses within economically distressed counties to be nominated for a sales tax refund if certain provisions are met. The bill allows cities within economically distressed counties to nominate enterprise zone projects within their entire geographical area. Economically distressed counties will be determined according to census statistics on poverty, educational attainment, and unemployment as currently designated by the comptroller of public accounts. The expansion of this program would give economically disadvantaged communities greater flexibility in the utilization of this economic development tool.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2303.003, Government Code, by adding Subdivision (1-c), to define "distressed county."

SECTION 2. Amends Section 2303.051, Government Code, by adding Subsection (a-2), to require the bank to compile annually data identifying the distressed counties in this state that automatically qualify for designation as enterprise zones under this chapter.

SECTION 3. Amends Section 2303.101, Government Code, to provide that an area automatically qualifies for designation as an enterprise zone if the area is an area located in a distressed county.

SECTION 4. Amends Section 2303.109(a), Government Code, to make a conforming change.

SECTION 5. Amends Section 2303.405(f), Government Code, to make a conforming change.

SECTION 6. Amends Section 2303.406(b), Government Code, to require the bank to make its designation decisions using a certain weighted scale in which certain amounts have been amended.

SECTION 7. Effective date: September 1, 2005.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 18, 2005

TO: Honorable John Carona, Chair, Senate Committee on S/C on Emerging Technologies & Economic Dev.

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: **HB1659** by Chavez (Relating to the designation of certain areas of this state as enterprise zones under the enterprise zone program.), **As Engrossed**

No fiscal implication to the State is anticipated.

This bill would add an area located in "distressed counties" to the list of those areas that automatically qualify for designation as an enterprise zone. The bill defines distressed counties as those counties with a poverty rate above 15.4 percent in which at least 25.4 percent of the adult population does not have a high school education, and have an unemployment rate that has remained above 4.9 percent during the preceding five years. The Texas Economic Development Bank (Bank) would have to annually compile data identifying the distressed counties that would qualify for designation as enterprise zones.

There would be no fiscal impact to the state, as the total limited number of enterprise zone projects that may be approved by the Bank statewide (85 per biennium) would not be changed.

Local Government Impact

Based on data obtained from the U. S. Census Bureau and Texas Workforce Commission, the Comptroller's office determined that a total of 35 counties would currently meet the qualifying criteria as a distressed county. These counties may realize a decrease in tax revenue as a result of tax refunds and other tax incentives provided to the eligible entities.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts

LBB Staff: JOB, JRO, WP, DLBe

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 21, 2005

TO: Honorable Allan Ritter, Chair, House Committee on Economic Development

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB1659 by Chavez (Relating to the designation of certain areas of this state as enterprise zones under the enterprise zone program.), **As Introduced**

No fiscal implication to the State is anticipated.

This bill would add an area located in "distressed counties" to the list of those areas that automatically qualify for designation as an enterprise zone. The bill defines distressed counties as those counties with a poverty rate above 15.4 percent in which at least 25.4 percent of the adult population does not have a high school education, and have an unemployment rate that has remained above 4.9 percent during the preceding five years. The Texas Economic Development Bank (Bank) would have to annually compile data identifying the distressed counties that would qualify for designation as enterprise zones.

There would be no fiscal impact to the state, as the total limited number of enterprise zone projects that may be approved by the Bank statewide (85 per biennium) would not be changed.

Local Government Impact

Based on data obtained from the U. S. Census Bureau and Texas Workforce Commission, the Comptroller's office determined that a total of 35 counties would currently meet the qualifying criteria as a distressed county. These counties may realize a decrease in tax revenue as a result of tax refunds and other tax incentives provided to the eligible entities.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts

LBB Staff: JOB, JRO, WP, DLBe

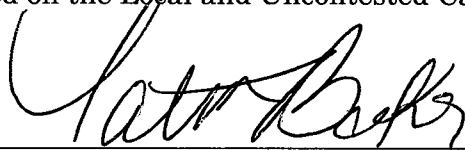
REQUEST FOR LOCAL & UNCONTESTED CALENDAR PLACEMENT

SENATOR CHRIS HARRIS, CHAIRMAN
SENATE COMMITTEE ON ADMINISTRATION

Notice is hereby given that H.B. 1659, by Chavez/Lucio,
(Bill No.) (Author/Sponsor)

was heard by the Committee on Business and Commerce on 5/20/05,
2005,

and reported out with the recommendation that it be placed on the Local and Uncontested Calendar.



(Clerk of the reporting committee)

IMPORTANT: A COPY OF THIS FORM MUST BE ATTACHED TO A COMMITTEE PRINTED VERSION OF THE BILL OR RESOLUTION AND SHOULD BE DELIVERED TO THE ADMINISTRATION COMMITTEE OFFICE, E1.714. DEADLINES FOR SUBMITTING BILLS AND RESOLUTIONS WILL BE ANNOUNCED ON A REGULAR BASIS.

F

ENROLLED

H.B. No. 1659

1 AN ACT

2 relating to the designation of certain areas of this state as
3 enterprise zones under the enterprise zone program.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 2303.003, Government Code, is amended by
6 adding Subdivision (1-c) to read as follows:

7 (1-c) "Distressed county" means a county:

8 (A) that has a poverty rate above 15.4 percent;

9 (B) in which at least 25.4 percent of the adult
10 population does not hold a high school diploma or high school
11 equivalency certificate; and

12 (C) that has an unemployment rate that has
13 remained above 4.9 percent during the preceding five years.

14 SECTION 2. Section 2303.051, Government Code, is amended by
15 adding Subsection (a-2) to read as follows:

16 (a-2) The bank shall annually compile data identifying the
17 distressed counties in this state that automatically qualify for
18 designation as enterprise zones under this chapter.

19 SECTION 3. Section 2303.101, Government Code, is amended to
20 read as follows:

21 Sec. 2303.101. QUALIFICATION FOR ENTERPRISE ZONE
22 DESIGNATION. An area automatically qualifies for designation as an
23 enterprise zone if the area is:

24 (1) a block group, as defined by the most recent

1 federal decennial census available at the time of designation, in
2 which at least 20 percent of the residents of the block group have
3 an income at or below 100 percent of the federal poverty level; ~~[or]~~

4 (2) an area designated by the federal government as a
5 renewal community, a federal empowerment zone, or a federal
6 enterprise community, including any developable area approved by
7 the federal agency responsible for making that designation; or

8 (3) an area located in a distressed county.

9 SECTION 4. Section 2303.109(a), Government Code, is amended
10 to read as follows:

11 (a) An enterprise zone designation remains in effect
12 indefinitely so long as the area continues to qualify for
13 designation as an enterprise zone under this chapter. If an area
14 described by Section 2303.101(1) no longer qualifies for enterprise
15 zone designation following the release of a subsequent federal
16 decennial census, the area's designation remains in effect until
17 the date on which the bank makes the updated information for that
18 subsequent census available to the public as required by Section
19 2303.051.

20 SECTION 5. Section 2303.405(f), Government Code, is amended
21 to read as follows:

22 (f) A nominating body may submit an application for a
23 project or activity that during the application process loses its
24 eligibility for designation as an enterprise project solely because
25 the project or activity is no longer located in an enterprise zone
26 as described by Section 2303.101(1) if the bank receives the
27 application not later than the 30th day after the date on which the

1 bank makes the updated block group data used to make the eligibility
2 determination available as required by Section 2303.051.

3 SECTION 6. Section 2303.406(b), Government Code, is amended
4 to read as follows:

5 (b) This subsection does not apply to a qualified business
6 located in a federally designated zone, as described by Section
7 2303.101(2), which will receive priority designation in allocating
8 the number of enterprise projects allowed statewide per biennium as
9 provided by Section 2303.403. The bank shall designate qualified
10 businesses as enterprise projects on a competitive basis. The bank
11 shall make its designation decisions using a weighted scale in
12 which:

13 (1) 40 percent of the evaluation depends on the
14 economic distress of the block group or distressed county in which a
15 proposed enterprise project is located;

16 (2) 25 percent of the evaluation depends on the local
17 effort to achieve development and revitalization of the block group
18 or distressed county in which a proposed enterprise project is
19 located; and

20 (3) 35 percent of the evaluation depends on the
21 evaluation criteria as determined by the bank, which must include:

22 (A) with respect to a proposed enterprise project
23 located in a block group, the level of cooperation and support the
24 project applicant commits to the revitalization goals of all of the
25 enterprise zone block groups within the jurisdiction of the
26 nominating governmental entity; ~~and~~

27 (B) with respect to a proposed enterprise project

1 located in a distressed county, the level of cooperation and
2 support the project applicant commits to the revitalization of the
3 distressed county; and

4 (C) the type and wage level of the jobs to be
5 created or retained by the business.

6 SECTION 7. This Act takes effect September 1, 2005.

H.B. No. 1659

President of the Senate

Speaker of the House

I certify that H.B. No. 1659 was passed by the House on April 29, 2005, by a non-record vote.

Chief Clerk of the House

I certify that H.B. No. 1659 was passed by the Senate on May 25, 2005, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED:

Date

Governor

President of the Senate

Speaker of the House

I certify that H.B. No. 1659 was passed by the House
(1)

on April 29, 2005, by a non-record vote.
(2)

Chief Clerk of the House

I certify that H.B. No. 1659 was passed by the Senate
on May 25, 2005, by the following vote:
(3)

Yeas 31, Nays 0
(4) (5)

Secretary of the Senate

APPROVED:

Date

Governor

**** Preparation: CT26

H.B. No. 1659

A BILL TO BE ENTITLED
AN ACT

By

Noma Chang

relating to the designation of certain areas of this state as enterprise zones under the enterprise zone program.

FEB 28 2005

Filed with the Chief Clerk

MAR 02 2005

Read first time and referred to Committee on Economic Development

APR 12 2005

Reported favorably (~~unfavorably~~)
(~~substituted~~)

APR 14 2005

Sent to Committee on (~~Calendar~~)
(Local & Consent Calendars)

APR 29 2005

Read second time (~~committee~~) (~~amended~~); passed to third reading (~~failed~~) by a (non-record vote)
(~~record vote of~~ yeas, nays, present, not voting)

Constitutional rule requiring bills to be read on three several days suspended (failed to suspend)
by a vote of yeas, nays, present, not voting

APR 29 2005

Read third time (~~committee~~); finally passed (~~failed to pass~~) by a (non-record vote)
(~~record vote of~~ yeas, nays, present, not voting)

Engrossed

MAY 02 2005

Sent to Senate

Robert Honey

CHIEF CLERK OF THE HOUSE

OTHER HOUSE ACTION:

MAY 02 2005

Received from the House

MAY 03 2005

Read and referred to Committee on SUBCOMMITTEE ON EMERGING
TECHNOLOGIES & ECONOMIC DEVELOPMENT

MAY 21 2005

Reported favorably

Reported adversely, with favorable Committee Substitute; Committee Substitute read first time

Ordered not printed

MAY 25 2005

Laid before the Senate

Senate and Constitutional Rules to permit consideration suspended by (unanimous consent)
(yeas, nays)

MAY 25 2005

Read second time, , and passed to third reading by (~~unanimous consent~~)
(yeas, nays) (a viva voce vote)

MAY 25 2005

Senate and Constitutional 3 Day Rules suspended by a vote of 31 yeas, 0 nays

MAY 25 2005

Read third time, , and passed by a (viva voce vote)
(31 yeas, 0 nays)

MAY 25 2005

Returned to the House

Latey Law

SECRETARY OF THE SENATE

OTHER SENATE ACTION:

MAY 25 2005

Returned from the Senate ~~(as substituted)~~
(with amendments)

House concurred in Senate amendments by a (non-record vote)
(record vote of _____ yeas, _____ nays, _____ present, not voting)

House refused to concur in Senate amendments and requested the appointment of a conference committee
by a (non-record vote) (record vote of _____ yeas, _____ nays, _____ present, not voting)

House conferees appointed: _____, Chair; _____,
_____, _____, _____

Senate granted House request. Senate conferees appointed: _____, Chair;
_____, _____, _____

Conference committee report adopted (rejected) by the House by a (non-record vote)
(record vote of _____ yeas, _____ nays, _____ present, not voting)

Conference committee report adopted (rejected) by the Senate by a (viva voce vote)
(record vote of _____ yeas, _____ nays)

05 APR 13 PM 11: 54

HOUSE OF REPRESENTATIVES